

EXHIBIT 4

DECLARATION OF THE UNIVERSITY OF KANSAS

I, Dr. Douglas A. Girod, M.D., declare as follows:

1. I am the Chancellor for the University of Kansas (“KU”), which has a main campus in Lawrence, Kansas, and an academic medical center in Kansas City, Kansas (“KU Medical Center” or “KUMC”). I have held this position since July 2017. Prior to my role as Chancellor, I served as executive vice chancellor at KU Medical Center, where I oversaw the educational, research, patient care and community engagement missions of the schools of Medicine, Nursing and Health Professions. I originally joined the KU Medical Center faculty in 1994 as a head-and-neck surgeon, becoming the Chair of the Otolaryngology department in 2002.

2. As Chancellor, I have personal knowledge of the contents of this declaration or have knowledge of the matters based on my review of information and records gathered by University of Kansas personnel and could testify thereto.

3. The University of Kansas receives substantial annual funding from the National Institutes of Health (“NIH”). Current active NIH awards total approximately 335 and have authorized budgets in excess of \$500 million.

4. The funding KU receives from NIH supports critical and cutting-edge medical research, which millions of Americans benefit from and depend on. For example:

- a. KUMC’s new \$312 million cancer building, part of the KU Cancer Center, the only NCI-designated cancer center in the Kansas City metro area, region, and in the state of Kansas, is predicated on the gradual ramp-up of research activities, including 30-40 principal investigators pursuing critical health research. In 2023, KU cancer researchers received more than \$32 million in NCI or other NIH grant funding. From 2007-2028, the KU Cancer Center is

expected to contribute \$2.6 billion to the region's economy through its research activities. In addition to comprehensive status, the KU Cancer Center was awarded a five-year, \$13.8 million NCI grant — funding for vital research infrastructure and shared resources, leading to a better understanding of how to treat and prevent cancer more effectively. The KU Cancer Center has more than 730 clinical trials in progress and has enrolled nearly 43,000 people in trials since 2010. Most of those trial participants have active cancer and have run out of other options. All of this progress would be jeopardized if NIH indirect cost funds were reduced to 15%.

- b. The 15% cap also casts doubt on KU's planned expansion for brain health research, potentially halting progress in this crucial field, such as Innovative Blood Biomarker Research. Collaborating with Brigham Young University, KU is at the forefront of developing blood tests for early Alzheimer's detection by validating a blood test aimed at identifying neurodegeneration in Alzheimer's patients, potentially facilitating earlier and more accurate diagnoses.
- c. Further, dozens of KU Life Span Institute researchers, staff and graduate students conduct research funded by NIH and other federal agencies to advance understanding of the causes of autism and related intellectual and developmental disabilities, such as Fragile X Syndrome and Down Syndrome. This research strives to find the most effective strategies for advancing new, more individualized therapeutic and support strategies. The research has discovered key differences in brain function among autistic individuals;

determined that factors such as eye pupil responses and enzymes in saliva were different in autistic populations; led to methods for early detection of autism and to the identification of brain systems involved in the disorder; and led to development of an intervention for use with nonverbal and minimally verbal preschoolers with autism spectrum disorder. In a clinical trial, the intervention significantly increased the frequency and quality of communication in these children.

A reduction in indirect costs would negatively impact KU's ability to support the necessary components of such research, including our animal care program, compliance with human subjects research, equipment repair and maintenance, research safety (biological, chemical, occupational, and radiation safety), including safety training and disposal of hazardous waste, and support grant-sponsored clinical trials/research (protocol development, FDA submissions, monitoring services, multicenter management and clinical practice guidance).

5. Indirect costs are essential for supporting this research. NIH's proposal to cut indirect cost rates to 15% would end or seriously jeopardize all the research projects described above.

6. Indirect costs include the actual cost of "doing the business" of sponsored research. This includes capital investments designed to achieve the deliverables required by the granting agencies. Resources have been committed to everything from computers to maintenance of wet labs; support for of the various research software systems that are required for the running of a research enterprise (ex: Velos CRIS, myRearach, Complion), to a \$10 million medical device needed for specific research; the provision of ventilation and airflow equipment in labs to cybersecurity infrastructure for data encryption. Without this equipment and support, we cannot

perform the groundbreaking research that improves lives and serves as an economic engine for the State of Kansas and the heartland of the United States.

7. For example, with respect to the areas of research conducted at KU:
 - a. State-of-the-art equipment is crucial in biomedical research because it allows scientists to conduct more precise, detailed and innovative experiments. Thanks to funding from the NIH, researchers at KU have access to some of the most cutting-edge equipment available. For example, the KU Medical Center is the only institution in the region to offer cryogenic electron microscopy (Cryo-EM) thanks to a \$2 million NIH grant. Cryo-EM flash-freezes samples into a glassy state and probes them with beams of electrons so researchers can make clear images of individual atoms. These images allow researchers to answer fundamental questions about the molecular machinery of bacteria, viruses, parasites and metabolic processes critical in disease. Additionally, Hoglund Biomedical Imaging Center at the KU Medical Center was awarded a \$1.5 million National Institutes of Health High-End Instrumentation grant to upgrade the electronics of its MRI scanner used for research in animal models. In addition to providing better data more quickly, the system also gives scientists the ability to create new MRI techniques over time by programming it to collect new kinds of data.
 - b. Further, Planmed XFI, is the first CT (computed tomography) machine in the world that can scan the whole body vertically, while a person is standing up. This is critical to examine weight-bearing issues that go unseen by other technology. CT scanners generate more detailed images than conventional X-

rays, and they can provide images of soft tissue and blood vessels in addition to bone. The scanner is part of the NIH-funded Multicenter Osteoarthritis Study (MOST) project.

8. Physical space costs are one of the largest components of indirect costs, and the amount of space available to researchers has a direct and obvious impact on the amount of research that can be done at KU. At the Lawrence campus there is 512,796 square feet of dedicated space for research, while at KUMC, there is 406,393 square feet of dedicated space solely used for research. Indirect costs fund research building bond payments, building maintenance, utilities, repairs, housekeeping and public safety.

9. In addition, indirect costs fund the administration of awards, including staff who ensure compliance with a vast number of regulatory mandates from agencies such as NIH. These mandates serve many important functions, including protecting human and animal subjects involved in research; ensuring research integrity; properly managing and disposing of chemical and biological agents used in research; preventing financial conflicts of interest; managing funds; preventing intellectual property, technologies, or national security expertise from being inappropriately accessed by foreign adversaries; and providing the high level of cybersecurity, data storage, and computing environments mandated for regulated data.

Federal regulatory and compliance requirements are ever-growing, including Uniform Guidance, each agency's implementation, and agency specific Terms and Conditions/requirements (NSF PAAPG, NIH Grant Policy Guide, etc.). Moreover, agency implementations vary and dictate compliance standards that are not allowable as direct costs to the project, including Effort Certification, Public Data Access, Export Controls, Oversight for Animal Care, Human Subjects studies, and Biosafety (Dual Use/Select Agents, rDNA, lasers), and financial oversight and

monitoring (enforcing cost principles). The costs of providing oversight and monitoring of these requirements are funded through indirect costs. Without full reimbursement of these costs, the effort dedicated to this could not be maintained at current levels.

10. Recovery of KU's indirect costs is based on predetermined rates that have been contractually negotiated with the federal government.

11. The indirect rate effective for the fiscal year ending June 30, 2025, for the Lawrence campus is 53% and 55% for the Medical Center campus.

12. The impact of a reduction in the indirect cost rate would be devastating. In the last two fiscal years KU has received approximately \$247 million in NIH award funding, approximately \$177 million was allocated for direct costs and \$70 million for indirect costs. Similarly, in fiscal year 2025, KU expects to receive \$109 million in NIH funding for direct costs, while \$43 million is allocated for indirect costs. And over the next five years, KU anticipates receiving an average of \$133 million from the NIH for annual direct costs. Based on the predetermined indirect cost rate of 53% and 55% respectively, which was negotiated in good faith and confirmed for the Lawrence campus on August 17, 2021, by DHHS and on July 27, 2020, by DHHS for the Medical Center campus, the University thus expects to receive over \$52 million in indirect cost recovery on an annual basis.

13. If, contrary to what KU has negotiated with the federal government, the indirect cost rate is reduced to 15%, that would reduce the University's anticipated annual indirect cost recovery by \$30 to \$40 million.

14. This reduction will have deeply damaging effects on KU's ability to conduct research from day one. Most critically, it will necessarily and immediately result in staffing reductions across the board. For example, on the Lawrence campus research salaries represent

18% of the total campus annual salary budget, which is estimated to exceed \$100 million in 2025. At KUMC, sponsored research and related overhead provides 34% of KUMC's approximately \$655 million in annual revenues. The immediate effect of cutting the indirect costs rate to 15% is staff reductions, furloughs and layoffs.

15. KU has for decades relied on the payment of indirect costs. And until now, we have been able to rely on the well-established process for negotiating indirect cost rates with the government to inform our budgeting and planning. Operating budgets rely on an estimate of both direct and indirect sponsored funding to plan for annual staffing needs (*e.g.*, post-docs, PhD students, and other research staff), infrastructure support (*e.g.*, IT networks, regulatory compliance, and grant management support), and facility and equipment purchases. And in some cases, KU has long-term obligations, for example, bond payments for its Integrated Science Building, and it relies on budgeted grant funding, including associated indirect cost recovery, to fulfill these commitments.

16. Disruptions to KU's research will also have negative effects in the Lawrence and Kansas City metro areas, the state of Kansas, and the broader region. 14,653 Kansas residents are employed by the University of Kansas, and it collaborates with state and local partners to help solve regional challenges through joint research and innovation. KU's research also fuels spending in the regional economy, including by driving discoveries that launch new ventures, attract private investment, and make a positive social impact. A massive reduction in KU's research budget would immediately and seriously jeopardize these contributions to the local region.

17. Finally, slowdowns or halts in research by KU and other American universities will allow competitor nations that are maintaining their investments in research to surpass the United States on this front, threatening both our Nation's national security and its economic dominance.

18. Nor can KU cover the funding gap itself. While the University of Kansas has a private endowment association (KU Endowment, Inc.), it is neither feasible nor sustainable for the association to use funds or other revenue sources to offset shortfalls in indirect cost recovery. KU Endowment, Inc. is a private foundation that, for over 133 years, has worked to connect donors and the University of Kansas to build a greater KU. KU Endowment, Inc., acting as a fiduciary, manages funds entrusted to it by donors for specific purposes; it is not a piggy bank or even a traditional charitable foundation where grant officers or a board selects where spending should be directed.

Importantly, KU Endowment, Inc. is private and independent. It is not an appendage of the University or the State of Kansas; it is governed by volunteer trustees elected by their fellow alumni to raise funds and serve as stewards of KU Endowment's resources. Nearly every dollar entrusted to KU Endowment contains donor restrictions. Donors make gifts to KU Endowment for specific purposes, including scholarships, professorships, buildings, or other purposes. The terms of these gifts create legal duties that KU Endowment's trustees and employees are obligated to observe. For example, the most significant single purpose, which is 82% of available endowed funds, is donor restricted for student scholarships.

Moreover, absorbing the cost of a lower indirect cost rate, even if it were possible, would create long-term budget pressures on the University of Kansas, which would in turn force reductions in key investments supporting its faculty, students, staff, research, and teaching infrastructure, as well as other critical activities needed to maintain KU's academic excellence.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 13, 2025, in Lawrence, Kansas.

A handwritten signature in blue ink, reading "Douglas A. Girod". The signature is fluid and cursive, with the first name "Douglas" being more prominent than the last name "Girod".

Douglas A. Girod, M.D.
Chancellor